DOCUMENT RESUME

ED 477 532 HE 035 964

AUTHOR	Goff, Donald Gary
TITLE	What's the Issue about Affordability of Public Higher Education?
PUB DATE	2003-00-00
NOTE	10p.
PUB TYPE	Reports - Research (143)
EDRS PRICE	EDRS Price MF01/PC01 Plus Postage.
DESCRIPTORS	Higher Education; *Paying for College; *Public Colleges; *Student Costs; Student Financial Aid
IDENTIFIERS	*Affordability

ABSTRACT

This study compared and contrasted data reports of two national policy centers on the affordability of public higher education. The study examined cost findings of the National Center for Educational Statistics (NCES) and the major affordability findings of the National Center for Public Policy and Higher Education (NCPPHE). Both policy centers provided information that the cost and price of higher education had risen between 1992 and 2000. The NCPPHE reported a 41% increase, and the NCES reported only an 8% increase in constant dollars.Conflicting data on the net price of higher education for low-income families was provided by the two policy centers. The NCES provided data that the net price had declined 11% in constant dollars between 1992 and 2000, but the NCPPHE data indicated that the net price had risen slightly in constant dollars, and that students and their families were incurring larger debt due to the change in financial aid strategy from offering grants to greater reliance on loans. Accounting practices in reporting cost and price data by different survey instruments and audiences appears to account for discrepancies between the two reporting systems. (SLD)

Reproductions supplied by EDRS are the best that can be made
from the original document.

ED 477 532

Running head: WHAT'S THE ISSUE ABOUT AFFORDABILITY OF PUBLIC HIGHER EDUCATION?

What's the Issue about Affordability of Public Higher Education?

Donald Gary Goff

Hillsborough Community College

Tampa, Florida

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY

P. Goff

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

1

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

BEST COPY AVAILABLE

1R0059964

What's the Issue about Affordability of Public Higher Education?

Introduction

The purpose of this paper is to compare and contrast data reports of two national policy centers on the affordability of public higher education. During classroom discussions on financial aid programs, one of my fellow students made a comment about the affordability of higher education for low-income students and families. This sparked my desire to look into what are the issues of affordability of public higher education for low-income families. There is an on-going national dialog and public scrutiny about the affordability and cost of public higher education and who must pay the price. This national discourse will have a major impact on the future affordability, cost, price, and net price of higher education. This paper will provide cost findings of the National Center for Education Statistics (NCES) and the major affordability findings of The National Center for Public Policy and Higher Education (NCPPHE). Policy findings and policy recommendations from both national centers will be contrasted and an alternative policy position will be offered.

Definition of Terms.

The National Commission on the Cost of Higher Education (NCCHE) (1998) has provided a series of definitions that will help focus the discussion on what are higher education costs, price, net price, and affordability of higher education. The cost of public higher education is defined by the amount of money it takes an institution to educate one student or the production cost per student. Price is defined as the amount of money that students and their families must pay to attend a public institution of higher education. The price that students and families pay after subtracting financial aid is called the net price (p.6). The National Center for Education Statistics (2002) policy document adopted the NCCHE definitions of cost, price, and net price.

The fourth term, affordability, as defined by The National Center (2002) is equivalent to the definition of net price provided by the National Commission on the Cost of Higher Education. Understanding these four key terms is important to the discussions about the affordability and pricing of public higher education.

National Center for Education Statistics (NCES) Report.

The Horn et al. (2002) policy report of NCES examines the recent national trends in price and net price for different categories of higher education institutions. Price, as defined by NCCHE (1998), is the price that students and their families pay to attend an institution of higher education. Price includes tuition, books and supplies, rent, food, transportation and other living expenses required to attend. Horn et al. state "nontuition expenses represent about two-thirds of the total price at public 4-year institutions and somewhat less than half of the total price at a private not-for-profit 4-year institution" (p. v). The authors provide data that the average national price at public, comprehensive, and baccalaureate institutions grew from $10,300 in 1992-1993 to $11,200 or 8% for 1999-2000.

The major focus of the Horn et al. (2002) study was to compare the price and net price of higher education for the academic years of 1992-93 to 1999-2000 and identify if there was a growing financial impact on students in different economic or need groups. As defined earlier in this paper, net price is what students and families pay for higher education after subtracting financial aid. Horn et al. provided data that the average national net price at public comprehensive and baccalaureate institutions declined from $7,700 in 1992-1993 to $6,900 or -11% for 1999-2000 due to increases in financial aid packages.

Horn et al. (2002) discovered price increases in all categories of higher education institutions between 1992-1993 and 1999-2000. The price increases had major financial impacts

for all economic groups. The authors discovered that high-income students paid more to attend a higher education institution between 1992-1993 and 1999-2000. The student with the greatest need, the low-income student without financial aid, was not able to afford the price increase to attend higher education institutions. Even middle-income students were struggling to meet the price increases, and many could not without financial aid. The net price for the time-periods of the study, due to the corresponding increases in private, state, and federal financial aid, matched the increases in price. Low and middle-income students, with the help of available financial aid packages, did not experience an increase in the net price of higher education between 1992-1993 and 1999-2000. High-income students, who could not qualify for financial aid, experienced increased prices.

The National Center for Public Policy and Higher Education (NCPPHE) Report.

The National Center (2002) provided five national trends in the affordability of public higher education. The are:

1. Increases in tuition have made colleges and universities less affordable for most American families.
2. Federal and state financial aid to students has not kept pace with increases in tuition.
3. More students and families at all income levels are borrowing more than ever before to pay for college.
4. The steepest increases in public college tuition have been imposed during times of greatest economic hardship.
5. State financial support of public higher education has increased, but tuition has increased more. (p. 3)

These five trends reported by The National Center were based on data collected from 1992 through 2001.

The data provided by The National Center (2002) for the first trend was that for low-income families the price of public higher education accounted for 13 % of their family income in 1992 and 25% of their income in 2000. "From 1992-2001, tuition at four-year public colleges and universities rose faster than family income in 41 states" (p. 5). The policy report also concluded that students and their families incur greater debt and devote larger portions of their income to paying for college and will go deeper in debt if this trend continues. The second trend indicated that need based grant aid provided 68% of the price in 1992 and only 56% in 2000 for public higher education. The third trend reflects the change from a grant based to loan based federal financial aid strategy. The data indicates that in 1992, only 51% of the federal financial aid monies were in grants and 49 % were in loans. The data for 2000 is 42% in grants and 58% in loans. The fourth trend indicates that price has been relatively stable in good times and has enjoyed freezes and even reductions in the prosperous times. However, during recessions students and families have suffered steep price increases when students and families can least afford it. Those fortunate to attend college during good times enjoy a windfall in price when the economy is strong. The fifth trend indicated that state support to higher education increased by 13%, but tuition rose by 41%.

The National Center (2002) provides a conclusion that the rising cost and price of higher education has not been met with adequate private, state, and federal funding. The net price continues to grow requiring more student borrowing and greater debt. The affordability of higher education is losing ground and will continue in this decade. The National Center did not offer any solutions on how to stop or reverse the trends of making higher education affordable.

Comparison of Reports.

In figure 1, I have used the NCPPHE five trends and compared them with the NCES reported information in order to illustrate the comparisons and conflicting data and information provided by the two national policy centers.

NCPPHE TRENDS	NCES DATA
1. Increases in tuition have made colleges and universities less affordable for most American families.	The data provided by NCES supports this trend. Increases in tuition is defined as increases in price.
2. Federal and state financial aid to students has not kept pace with increases in tuition.	NCES disagrees with this trend. Data was provided that indicates financial aid packages have reduced the net price.
3. More students and families at all income levels are borrowing more than ever before to pay for college.	NCES did not comment on this trend.
4. The steepest increases in public college tuition have been imposed during times of greatest economic hardship.	NCES did not comment on this trend.
5. State financial support of public higher education has increased, but tuition has increased more.	NCES disagrees with this trend. Data was provided that indicates financial aid has kept pace with, and even reduced the net price.

Figure 1 – Comparison of NCPPHE Trends with NCES Data

The two national policy centers provided information that the cost and price of higher education had risen between 1992 and 2000. The price data was significantly different in that the NCPPHE reported a 41% increase and the NCES reported only an 8% increase in constant dollars. This significant difference in the increase of the price can be attributed to the way the data was collected, the collection survey instrument, the type/categories of data collected, or the reporting procedures. My analysis of the two national reports is that the NCPPHE used data collected by the State Higher Education Executive Officer Association survey on state appropriation to determine price. Whereas, the NCES used the National Postsecondary Student Aid Study (NPSAS) data to develop there price information. The difference in the price of higher education between the two national centers can be attributed to different collection survey

instruments and the type/category of data collected. Unless one reads the fine print, the data can cause confusion and false perceptions in the actual increase in price based on data collected by different survey instruments. It is like comparing apples and oranges. However, the increase in both policy studies indicated the price had increased. This increase in price would place more financial pressure on low-income families in their ability to participate in higher education. The financial pressure could cause low-income families to opt out and not partake of higher education opportunities based on increased price.

Conflicting data on the net price of higher education for low-income families was provided by the two policy centers. The NCES provided data that indicated that the net price had declined 11% in constant dollars between 1992 and 2000. The NCES reduction in net price would mean greater access to higher education by low-income families, but the low-income student still was required to pay $6,900 a year after receiving grants and/or loans. The NCPPHE data indicated that the net price had risen slightly in constant dollars, and that students and their families were incurring larger debt due to the change in the financial aid strategy from offering grants to greater reliance on loans. The NCPPHE argues that low-income families would have less access to higher education and incur greater debt. The greater debt may haunt low-income families, and could preclude their participation in higher education. The difference in reporting a reduction in net price by one center and an increase in net price by the other center can be attributed to statistical manipulation or accounting practices in reporting cost, price, and net price. I believe that accounting practices in reporting cost and price data by the different survey instruments and audiences account for the difference. The source of data was based on different standards of reporting cost and price information.

Alternative Position.

The underlying problem may be the accuracy of the data and how it is captured and reported. As an alternative position, The National Association of College and Business Officers (NACUBO) should collectively decide and publish a common standard on reporting cost, price, and net price so accurate comparisons can be made by the national centers. NACUBO could work with the federal government on defining the reporting procedures to reduce reporting confusion and broad standards within the collected data. NACUBO, in cooperation with the U.S. Department of Education, should be the higher education watchdog on how cost, price, and net price is computed and reported. As the watchdog on how affordability data is collected, processed, and reported, NACUBO would establish a standard database on which all-future analysis and research could be based. The common data can still have different interpretations by the national centers.

References

Horn, L., Wei, C. C., & Berker, A. (2002). What students pay for college: Changes in net price of college attendance between 1992-93 and 1999-2000. *National Center for Education Statistics (NCES)*. Retrieved November 6, 2002, from http://nces.ed.gov/pubs2002/2002174.pdf.

National Commission on the Cost of Higher Education (NCCHE). (1998). Straight talk about college costs and prices. Phoenix, AZ: Oryx Press.

The National Center for Public Policy and Higher Education (2002). Losing ground: A national status report on the affordability of American higher education. Retrieved November 6, 2002, from http://www.highereducation.org/reports/losing_ground/ar.shtml

HE035964

U.S. Department of Education
Office of Educational Research and Improvement (OERI)
National Library of Education (NLE)
Educational Resources Information Center (ERIC)

REPRODUCTION RELEASE

(Specific Document)

I. DOCUMENT IDENTIFICATION:

Title: What's the Issue about Affordability of Public Higher Education?	
Author(s): Donald Gary Goff	
Corporate Source:	Publication Date:

II. REPRODUCTION RELEASE:

In order to disseminate as widely as possible timely and significant materials of interest to the educational community, documents announced in the monthly abstract journal of the ERIC system, *Resources in Education* (RIE), are usually made available to users in microfiche, reproduced paper copy, and electronic media, and sold through the ERIC Document Reproduction Service (EDRS). Credit is given to the source of each document, and, if reproduction release is granted, one of the following notices is affixed to the document.

If permission is granted to reproduce and disseminate the identified document, please CHECK ONE of the following three options and sign at the bottom of the page.

The sample sticker shown below will be affixed to all Level 1 documents	The sample sticker shown below will be affixed to all Level 2A documents	The sample sticker shown below will be affixed to all Level 2B documents
PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY Sample TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC) 1	PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL IN MICROFICHE, AND IN ELECTRONIC MEDIA FOR ERIC COLLECTION SUBSCRIBERS ONLY, HAS BEEN GRANTED BY Sample TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC) 2A	PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL IN MICROFICHE ONLY HAS BEEN GRANTED BY Sample TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC) 2B
Level 1	Level 2A	Level 2B
[X]	[ ]	[ ]
Check here for Level 1 release, permitting reproduction and dissemination in microfiche or other ERIC archival media (e.g., electronic) *and* paper copy.	Check here for Level 2A release, permitting reproduction and dissemination in microfiche and in electronic media for ERIC archival collection subscribers only	Check here for Level 2B release, permitting reproduction and dissemination in microfiche only

Documents will be processed as indicated provided reproduction quality permits.
If permission to reproduce is granted, but no box is checked, documents will be processed at Level 1.

I hereby grant to the Educational Resources Information Center (ERIC) nonexclusive permission to reproduce and disseminate this document as indicated above. Reproduction from the ERIC microfiche or electronic media by persons other than ERIC employees and its system contractors requires permission from the copyright holder. Exception is made for non-profit reproduction by libraries and other service agencies to satisfy information needs of educators in response to discrete inquiries.

Sign here, → please

Signature: Donald Gary Goff	Printed Name/Position/Title: Donald Gary Goff Dean, Business and Technologies	
Organization/Address: Hillsborough Community College 10414 E. Columbus Dr. Tampa, FL 33619	Telephone: 813-253-7960	FAX: 813-253-7868
	E-Mail Address: ggoff@hccfl.ed	Date: May 5, 2003

III. DOCUMENT AVAILABILITY INFORMATION (FROM NON-ERIC SOURCE):

If permission to reproduce is not granted to ERIC, *or*, if you wish ERIC to cite the availability of the document from another source, please provide the following information regarding the availability of the document. (ERIC will not announce a document unless it is publicly available, and a dependable source can be specified. Contributors should also be aware that ERIC selection criteria are significantly more stringent for documents that cannot be made available through EDRS.)

Publisher/Distributor:
Address:
Price:

IV. REFERRAL OF ERIC TO COPYRIGHT/REPRODUCTION RIGHTS HOLDER:

If the right to grant this reproduction release is held by someone other than the addressee, please provide the appropriate name and address:

Name:
Address:

V. WHERE TO SEND THIS FORM:

Send this form to the following ERIC Clearinghouse:

ERIC Clearinghouse for Community Colleges
UCLA
3051 Moore Hall, Box 951521
Los Angeles, CA 90095-1521
310/825-3931
800/832-8256
310/206-8095 fax

However, if solicited by the ERIC Facility, or if making an unsolicited contribution to ERIC, return this form (and the document being contributed) to:

ERIC Processing and Reference Facility
1100 West Street, 2nd Floor
Laurel, Maryland 20707-3598

Telephone: 301-497-4080
Toll Free: 800-799-3742
FAX: 301-953-0263
e-mail: ericfac@inet.ed.gov
WWW: http://ericfac.piccard.csc.com

EFF-088 (Rev. 9/97)